

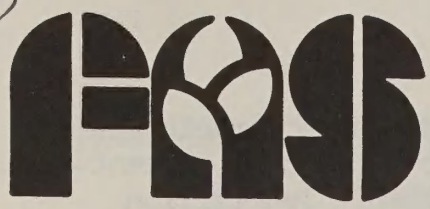
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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 7-82

WASHINGTON, Feb. 18--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

BRAZIL's National Secretariat for Food Supply (SUNAB) recently published the 1982 national milling quotas for wheat, which indicate that Brazilian wheat consumption in 1982 will decline 7 percent from last year's levels. According to SUNAB, Brazilian wheat use in 1982 will be 5.89 million tons (1.72 million tons from domestic production and 4.17 million tons imported). Wheat use in 1981 was estimated at 6.3 million tons, of which 3.9 million tons were imported. The drop in wheat use in 1982 is largely due to policy changes that reduced consumer subsidies for wheat and wheat products. As a result, domestic production has declined and import needs have increased slightly.

The Brazilian Minister of Agriculture has stated that Brazil will import 4 million tons of wheat in 1982, of which 3 million tons are to be purchased under long-term agreements with the United States and Canada. The remainder will be obtained through tenders, hopefully with long-term credit.

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CANADA is seeking changes in the CROW's nest statutory freight rate system for Prairie grain as part of a comprehensive approach to meet future railway needs and expand grain exports. Larger contributions to the rail system are necessary from government, farmers and railroads to reform the western grain transport system, according to the Canadian Minister of Transportation who is prepared to commit the government to a continued subsidies program for railway operating costs. The Canadian Government intends to spend \$3.2 billion over the next 4 years on branch line rehabilitation and additional hopper cars in 1982.

The Canadian Government's commitment to these policy changes is not expected to have an impact on export movement this year. However, these proposals do reflect the Canadian goal to increase western grain and oilseed exports to 30 million tons by 1985/86. The current 1981/82 export target is 26 million tons. Large investments in transportation infrastructure will be necessary to meet future goals. Revisions in the CROW's nest may facilitate such investments.

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SOUTH AFRICA's maize Board is trying to expand export markets for maize in order to relieve the burden of large carryover corn stocks. Recently, the Maize Board renewed an agreement with Taiwan to supply 1.8 million tons of corn in the next 3 years, approximately 600,000 tons annually. The Maize Board is also exploring the possibility of bartering corn for fertilizer, a break from traditional South African trade policy. Currently, however, South African corn export flows are constrained by limited port facilities, which can handle only about 450,000 tons monthly.

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Targets for the SOVIET UNION's 1982 crop and livestock production were recently published in the Soviet journal "Agricultural Economics". Most of the targets were presented as percentage increases over the 1976-80 average. The targets are as follows:

	1976-80 Average	Planned Increase	Implicit 1982 Plan	1981 Actual
	MT	Percent	MT	MT
Grain	205.0	16	237.9	1/
Sunflowers	5.3	23	6.5	4.6
Sugarbeets	88.4	11	98.2	60.6
Potatoes	82.6	7	88.4	72.0
Vegetables	26.0	10	28.6	25.6
Fruits and berries	9.6	15	11.0	1/
Grapes	5.6	26	7.0	I/
Hay procurements 2/	78.8	23	96.6	64.9
Cotton procurements 3/	8.9	-	9.3	9.6

1/ Not published.

2/ Planned increase based on 1980 rather than 1976-80.

3/ 1982 plan derived from plans of individual republics.

Targets for livestock production were vague, but generally imply increased productivity rather than increased numbers. Specifically, the Soviets plan to increase total meat production by 111 and 104 kilograms for cattle and hogs, respectively, for every head held on Jan. 1. Milk yields in 1982 are targeted to increase by 100 kilograms per cow. Last year's plan was to increase milk productivity by 80 kilograms per cow during 1981; however, actual productivity declined.

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OILSEEDS AND PRODUCTS

The FISHMEAL EXPORTERS ORGANIZATION reports fishmeal production in major exporting countries declined substantially in November 1981 from the previous month and also from the same month a year earlier. However, aggregate fishmeal exports from the same countries in November increased from the previous month and the year-earlier level. The data are as follows in 1,000 tons:

	<u>January-November 1980</u>		<u>January-November 1981</u>	
	Production	Exports	Production	Exports
Chile	472.9	416.2	565.7	397.1
Iceland	154.5	136.5	131.4	108.5
Norway	291.9	251.1	297.9	253.6
Peru	399.6	403.5	357.9	253.6
South Africa	<u>147.3</u>	<u>11.4</u>	<u>150.6</u>	<u>4.8</u>
Total	1,466.2	1,218.7	1,503.5	1,017.6
October	112.1	121.7	163.6	108.2
November	70.6	124.1	63.9	125.2

Cumulative fishmeal production during the January-November 1981 period increased 3 percent to 1.5 million tons. However, exports during January-November 1981 declined to only 1.0 million tons--down one-sixth from a year ago.

The result has been a significant stock buildup in Chile and Peru, as well as a drop in the fishmeal/soybean meal price ratio in Europe to 1.55 to 1.0 compared with 1.89 to 1.0 a year ago.

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In BRAZIL, dry weather during January in Rio Grande do Sul and Parana, the leading soybean producing states, and in some areas in the south of Mato Grosso do Sul have reduced prospects for the 1982 soybean crop. However, widespread rains in the major soybean producing areas during the first 10 days of February have reduced the threat of major crop losses.

The 1982 Brazilian soybean crop is now forecast at 14.8 million tons, down nearly 3 percent from last month's estimate, and 700,000 below the record 1981 crop. The forecast was reduced 200,000 tons in Rio Grande do Sul to 5.6 million tons; 150,000 tons in Parana to 4.95 million tons; and 75,000 tons in Mato Grosso do Sul to 1.4 million tons. Other state estimates were unchanged and total 2.85 million tons.

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ARGENTINA's 1981/82 flaxseed crop is now estimated at 600,000 tons, down 100,000 tons from last month's estimate. This will be slightly higher than the 1980/81 crop, but well below the 743,000 tons produced in 1979/80. The estimate of harvested area has been revised downward from last month's 850,000 hectares to 740,000 hectares. In addition, yields in some areas of Entre Rios have reportedly been disappointing.

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#### DAIRY, LIVESTOCK AND POULTRY

The EUROPEAN COMMUNITY Commission has received and accepted import applications for 536.7 tons of beef under the first quarterly allocation (3,000 tons) of the U.S. 10,000-ton high-quality beef quota, a 30-percent increase over the first quarter of 1981.

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Effective Feb. 1, the EC COMMISSION has increased export refunds just under 2 cents per pound for whole chicken and chicken parts to all third-country destinations except the United States. Refunds on poultry other than chickens were not changed.

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EGYPT has announced that the Ministry of Supply will not import frozen chicken during a 6-month period beginning in March 1982, the result of current self-sufficiency levels in poultry production and ample supplies of frozen chicken stocks. Table egg imports have also been suspended temporarily due to the inability to store and distribute eggs without excessive deterioration.

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In ARGENTINA depressed prices and dry weather caused some liquidation in cattle herds during 1981, dropping inventory levels by about 2 percent. Adult cattle and calf slaughter was up 6 and 20 percent, respectively. However, lower average carcass weights held total beef and veal production increases to only about 4 percent, with total 1981 output at 3.0 million tons.

For 1982, higher beef prices are expected to lower adult and calf slaughter by 8 and 22 percent, respectively, resulting in a beef and veal production drop of about 7 percent to 2.8 million tons, according to the agricultural counselor. Inventories during 1982 are expected to stabilize at ending 1981 levels of about 57.5 million head.

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FRANCE, the EC's largest broiler producer, is expected to increase broiler output by 9 percent in 1982 to 850,000 tons, according to the agricultural counselor. Export markets for French poultry are expected to expand, with exports reaching 500,000 tons by 1985, 63 percent above the 1981 level.

Turkey production is forecast to increase by 4.5 percent to 235,000 tons by the end of this year, with most of the increase consumed domestically.

Egg production will continue to expand in 1982, but at a slower rate due to closing of the British market, which accounted for about one-third of France's total egg exports before the Newcastle-related ban on shell eggs. The negative impact of this ban is expected to be partially offset by growing markets in third countries.

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#### TOBACCO

Preliminary reports from BRAZIL indicate 1981 cigarette production totaled 133.3 billion pieces, a decline of 7 percent from the 1980 record level of 142.7 billion pieces. Lower output is attributed largely to declining sales brought on by sharp price increases early in 1981. Cigarette prices reportedly increased 172 percent in 1981, compared with 50 percent in 1980. Brazil ranks seventh among world cigarette producing countries, with about 1 billion pieces moving into export annually.

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WORLD tobacco production in 1982 is forecast to decline 1 percent to 5.662 million tons, farm sales weight. A 12-percent decrease in production forecast for North American and a less than 1-percent decrease for Asian production more than offset increases forecast for Africa, South America, Eastern Europe and the USSR. Production of flue-cured tobacco is forecast to decline 3 percent to 2.731 million tons, with burley and oriental production to increase 3 percent and 1 percent, respectively. Other types of tobacco are expected to decrease by 1 percent to 1.416 million tons. Production figures are as follows in 1,000 tons:

Type	<u>1980</u>	<u>1981</u>	<u>1982</u>
Flue-cured	2,455	2,827	2,731
Burley	568	631	655
Oriental	899	854	860
Other types	<u>1,398</u>	<u>1,425</u>	<u>1,416</u>
Total	5,320	5,737	5,662

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U.S. tobacco production is expected to decline 10 percent or more from last year's 930,000 tons. Tobacco production in China is expected to remain near the record level produced in 1981 as growers further adjust flue-cured area in response to the 1981 price increase. Tobacco production in India is forecast to reach 475,000 tons in 1982. A flue-cured crop of 140,000 tons or more (nearly 30 percent above 1981) will be harvested within the next few weeks reflecting higher prices.

A 1982 Brazilian crop of 328,000 tons is forecast where flue-cured production is forecast to increase to 208,000 tons. In Zimbabwe, the flue-cured tobacco marketing quota was increased to 95,000 tons for 1982. This, coupled with higher prices in 1981, leads to a flue-cured tobacco forecast of 90,000 tons, up a third from 1981.

Higher prices for burley tobacco, due to tight world supplies, has stimulated production in Italy, Spain, Korea and Mexico in 1982. Burley production is forecast to be up from 1981 levels in each of these countries. Reports of blue mold in the Mexican crop have not been fully evaluated and could reduce production to near 1979 levels. (For further information, contact the Foreign Production Estimates Division (202) 382-8888.)

#### HORTICULTURAL AND TROPICAL PRODUCTS

The SOVIET UNION's official preliminary estimate of 1981/82 sugar beet production for sugar manufacture of 60.6 million tons has resulted in a reassessment of the Soviet Union's sugar production potential. USDA now estimates Soviet centrifugal sugar production (raw value) from domestic supplies at 6.1 million tons in 1981, down 1.0 million tons from earlier estimates. With this lower production, the Soviet Union can be expected to import approximately 5.7 million tons of sugar in 1982, compared with imports of roughly 5.0 million tons last year.

The Soviet Union produced 79.6 million tons of sugar beets in 1980/81, yielding an estimated 6.9 million tons of centrifugal sugar (raw value). Beet tonnage last season was highest in the Ukraine and the Russian Socialist Federal Soviet Republic (RSFSR), which accounted for 59 percent--or 47.2 million tons--and 31 percent--or 24.3 million tons--respectively. This season, the Ukraine reportedly produced only 36.5 million tons (60 percent) and the RSFSR 16.1 million tons (27 percent) of total beet production. This disastrously poor beet crop, some 40 million tons below the Soviet target for 1981-85, is attributed to significant problems with seed viability, poor stand development last spring, lack of sufficient weeding, and widespread drought last June and August.

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WORLD 1981/82 cocoa bean production (October-September) is now forecast at a record 1.72 million tons, down slightly from earlier forecasts, but still almost 2 percent above the previous record of 1.69 million tons of 1980/81. The record crop is largely due to production increases forecast for the Ivory Coast, Malaysia and Nigeria. If achieved, it will represent the third successive record world cocoa bean crop.

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The upward trend in world cocoa production largely reflects the rapid rate of plantings in the late 1970's spurred by high prices. Cocoa planted during this expansionary period should continue to push world production upward for the next several years.

Current estimates for the major producing countries for 1981/82 (with revised 1980/81 estimates in parentheses) are as follows, in 1,000 tons: Brazil 325 (357); Cameroon 114 (118); Colombia 38 (36); Ecuador 80 (84); Ghana 255 (258); Ivory Coast 440 (412); Malaysia 60 (47); and Nigeria 170 (159). These eight countries are expected to produce an estimated 1.48 million tons of cocoa beans for the 1981/82 season, 86 percent of the anticipated world crop. (For further information, contact the Foreign Production Estimates Division (202) 382-8888, or see Horticultural and Tropical Products Division's semi-annual World Cocoa Bean Circular, to be released in early March.)

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The coffee trade in BRAZIL, the world's second largest coffee consumer after the United States, may have done well to maintain national consumption at about 8 million bags over the past year as government price controls were eliminated and consumer prices rose. Consumer prices for ground roasted coffee currently range between Cr 370 and Cr 420 a kilogram, 100 percent above prices paid 1 year ago. However, inflation was estimated at 95 percent and wages are adjusted accordingly. Prices for a demi-tasse cup of coffee have risen from Cr 2.50 last July when government controls were eliminated to Cr 15.00 at present.

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Rotterdam Prices and E.C. Import Levies:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f.,  
Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 16, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
<b>Wheat</b>			
Canadian No. 1 CWRS-13.5%.....	1/	1/	1/
U.S. No. 2 DNS/NS: 14%.....	184.55 7/	5.02 7/	-2
U.S. No. 2 DHW/HW: 13.5%.....	194.50	5.29	-2
U.S. No. 2 S.R.W.....	166.50	4.53	-3
U.S. No. 3 H.A.D.....	189.00 7/	5.14 7/	-2 7/
Canadian No. 1 A: Durum.....	212.00 7/	5.77 7/	+3 7/
<b>Feed grains:</b>			
U.S. No. 3 Yellow Corn.....	126.00	3.20	+1
U.S. No. 2 Sorghum 2/.....	145.00	3.68	0
Feed Barley 3/.....	1/	1/	1/
<b>Soybeans:</b>			
U.S. No. 2 Yellow.....	251.00	6.83	-19
Argentine 4/.....	251.00 7/	6.83 7/	-25 7/
U.S. 44% Soybean Meal (M.T.)..	234.00	--	-3.00 5/
<b>EC Import Levies</b>			
Wheat 6/.....	87.80	2.39	+10
Barley.....	66.60	1.45	-6
Corn.....	96.25	2.44	-8
Sorghum.....	78.90	2.00	-8

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Optional delivery: Canadian Feed Barley.

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ April/May delivery

Note: Basis March delivery